



Rhode Island Department of Revenue Division of Taxation

Via Electronic Mail

May 4, 2021

The Honorable Marvin L. Abney
Chair, House Committee on Finance
Rhode Island State House
Providence, RI 02903

RE: Letter of Concern Regarding House Bill 5789 – An Act Relating To Labor and Labor Relations – Temporary Disability Insurance – General Provisions

Dear Chairperson Abney:

I am writing on behalf of the Rhode Island Department of Revenue, Division of Taxation (“Division”), to: i) express concerns regarding issues with proposed House Bill 5789 as currently drafted; ii) explain background and current statutory context in order to clarify the intended and unintended consequences of this bill; and, iii) make recommendations and request your support in implementing those recommendations. The concerns expressed in this letter are substantially similar to those expressed in a letter to the Senate Labor Committee regarding a similar bill introduced as Senate Bill 436.

This letter is not intended as a position in support of or opposition to the bill, but only as recommendations on drafting to provide clarity in the bill and to aid tax administration and compliance.

As you know, the bill amends multiple chapters in Title 28 of the Rhode Island General Laws, in addition to amending R.I. Gen. Laws § 44-30-2.6, entitled “Rhode Island taxable income – Rate of tax[,]” creating a “Rhode Island paid leave credit.” The Division only is commenting as to the amendment to Title 44 because the amendments to Title 28, while creating internal inconsistencies and contradictions within the relevant statutes, impact the Department of Labor and Training directly.

It appears that the amendment to R.I. Gen. Laws § 44-30-2.6 is included in the wrong section and should be added as subsection (n) (after subsection (m), see page 26 of the bill) as that is the section for credits against tax. There are additional ambiguities that should be addressed in order to aid in administration of the credit, including:

- “[A]nnual earnings” is not defined and it is not clear if it relates to a taxpayer individually or joint filers;
- There is a one hundred fifty dollar (\$150) maximum credit, but it is unclear if this is per taxpayer if filing a joint return;

- There is no indication if the credit is limited to the tax liability of the taxpayer(s), and, as drafted, the credit amount could result in a refund if the tax liability is less than the credit amount; and
- It is not clear if the credit can be carried forward to future tax years.

This letter is not intended as a position in support of or opposition to the bill, but only as recommendations on drafting to provide clarity in the bill and to aid tax administration and compliance.

I look forward to working with you to address the issues raised in this letter and appreciate your consideration.

Very truly yours,



Neena S. Savage
Tax Administrator

cc: The Honorable Members of the House Committee on Finance (via:
HouseFinance@rilegislature.gov)
The Honorable Liana Cassar
Marilyn Shannon McConaghy, Acting Director, Department of Revenue